



News Release

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FREE FILE TOPS 1.3 MILLION RETURNS

WASHINGTON – More than 1 million people have prepared and e-filed their taxes by using Free File, the new public-private partnership between the Internal Revenue Service and a consortium of tax software companies that offer free services to eligible taxpayers.

In its first five weeks, Free File logged approximately 1.3 million returns filed by taxpayers who met the software consortium's criteria on age, income or state residency. Free File is another avenue to IRS e-file, the agency's popular electronic filing program previously accessible primarily through paid tax preparers and software providers. Taxpayers can access the Free File page through www.irs.gov or www.firstgov.gov.

"We are off to a strong start for the Free File program. For 1.3 million taxpayers, the benefits of Free File are invaluable. It's giving more people free access to the benefits of e-filing. IRS e-file is the fast, easy and accurate way to file your tax return," said Acting IRS Commissioner Bob Wenzel.

Among other highlights for the 2003 filing season through late February:

- Total e-file receipts – 27 million, a 8.1 percent increase from last year;
- Average certified refund - \$2,195, a 1.9 percent increase from last year;
- Direct deposit refunds - \$55.8 billion, a 12.3 percent increase from last year.

Free File made its debut on Jan. 16 as the IRS and the Free File Alliance, which consists of 17 software companies, unveiled the online program. In 2002, the software industry agreed to provide free preparation and e-file services to at least 60 percent of the nation's taxpayers. In return, the IRS agreed it would not create its own tax preparation software.

Each private company sets its own eligibility requirements. Each company also can change its criteria twice during the filing season. The IRS hosts the Free File Web page but the online tax preparation occurs on the companies' Web sites. The companies file the returns using IRS's secure e-file transmission system.

February traditional marks the peak for electronic filing. However, Wenzel urged taxpayers to consider the ease and accuracy of electronic filing over paper filing. Taxpayers who don't qualify for Free File should still consider using IRS e-file through their tax professional and software provider, Wenzel said.

(more)

2003 FILING SEASON STATISTICS

Cumulative through the week ending 2/22/02 and 2/21/03

	<u>2002</u>	<u>2003</u>	<u>% Change</u>
Individual Income Tax Returns			
Total Receipts	38,900,000	39,078,000	0.5
Total Processed	31,188,000	32,936,000	5.6
E-filing Receipts:			
TOTAL	24,993,000	27,019,000	8.1
TeleFile (phone)	2,671,000	2,509,000	- 6.1
Computer	22,322,000	24,510,000	9.8
Tax Professionals	18,232,000	19,121,000	4.9
Self-prepared	4,090,000	5,389,000	31.8
Refunds Certified:			
Number	28,638,000	30,507,000	6.5
Amount of principal	\$61.677 billion	\$66.948 billion	8.5
Average refund	\$2,154	\$2,195	1.9
Direct Deposit Refunds:			
Number	20,085,000	22,470,000	11.9
Amount	\$49.700 billion	\$55.816 billion	12.3
Average	\$2,475	\$2,484	0.4

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